

Message Text

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ACTION XMB-04

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 8633

USDOC WASHDC

UNCLAS BUENOS AIRES 7944

PASS EXIMBANK

E.O. 11652: N/A

TAGS: BEXP, EFIN, AR

SUBJECT: ARGENTINA'S COMPUTERIZED LOAD DISPATCH CENTER PROJECT

1. OVER THE NEXT FOUR TO FIVE YEARS, FOUR ARGENTINE POWER COMPANIES WILL BE INSTALLING A TOTAL OF 13 COMPUTERIZED LOAD DISPATCH CENTERS (ENERGY MANAGEMENT SYSTEMS) IN ORDER TO FACILITATE LOAD CONTROL IN THE GREATER BUENOS AIRES AREA AND TO CONNECT ARGENTINA'S GRID SYSTEMS.

2. SEGBA (SERVICIOS ELECTRICOS DEL GRAN BUENOS AIRES), WHICH SERVES PRIMARILY THE BUENOS AIRES AREA, HAS RECENTLY AWARDED THE FIRST OF THESE PROJECTS TO A US FIRM. SEGBA PLANS TWO MORE CENTERS. AGUA Y ENERGIA ELECTRICA (AYEE), CHARGED WITH DEVELOPING AND DISTRIBUTING POWER IN THE PROVINCES, HAS CALLED FOR BIDS FOR TWO OF ITS EIGHT CENTERS, ON NOVEMBER 8 AND 14 RESPECTIVELY. IT IS EXPECTED THAT MOST OF THE MAJOR PRODUCERS OF THIS TYPE OF EQUIPMENT WORLD WIDE, INCLUDING SEVERAL US FIRMS, WILL BID IN THESE CONTESTS. WE ARE ADVISED THAT TRW CONTROL CORP., WESTINGHOUSE, GTE, LEEDS AND NORTHROP AND HARRIS CONTROL AMONG POTENTIAL US SUPPLIERS ARE INTERESTED AND SIEMENS, BROWN-BOVERI, AND JEUMONT SCHENIDER ARE AMONGST THE EUROPEAN FIRMS WHO WILL COMPETE.

3. ADDITIONALLY, TWO REGIONAL POWER COMPANIES, EPEC, AND UNCLASSIFIED

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DEBA, OF CORDOBA AND BUENOS AIRES PROVINCES RESPECTIVELY,

ARE PLANNING TO INSTALL A CENTER EACH. TOTAL VALUE OF EXPORTED COMPONENTS OF THESE SYSTEMS CAN BE ESTIMATED AT APPROXIMATELY US\$ 30 MILLIONS PLUS AN ADDITIONAL US\$ 5 MILLION IN PARTS AND ELABORATION OF SOFTWARE OVER THE NEXT 10 YEARS.

4. LOCAL WESTINGHOUSE SUBSIDIARY HAS ASKED THAT EMBASSY BRING THESE DETAILS TO ATTENTION OF USDOC AND EXIMBANK, WHO ARE CONCERNED ABOUT THREAT POSED BY EUROPEAN COMPETITORS, PARTICULARLY SIEMENS.

5. EMBASSY NOTES THAT, AS USUAL, AY EE HAS SET DOWN CERTAIN MINIMUM CRITERIA FOR FINANCING OF OFFERS ON FIRST TWO SIPATCH CENTERS. THESE ARE AS FOLLOWS: FINANCING OF 85 PERCENT OF CONTRACT PRICE (THIS IS STANDARD PROCEDURE, GOVERNED BY THE CENTRAL BANK CIRCULAR 328 OF 1967); AMORTIZATION PERIOD OF 8 1/2 YEARS (17 SEMIANNUAL INSTALLMENTS); FIRST PAYMENT OF INTEREST NOT DUE UNTIL 95 PERCENT OF VALUE OF THE IMPORTED EQUIPMENT HAS BEEN SHIPPED (ESTIMATED BY WESTINGHOUSE AT 3 YEARS FROM CONTRACT DATE); INTEREST PAYMENTS TO BE MADE CONCOMITANTLY WITH PRINCIPAL.

5. FYI: IN MIDYEAR CONTEST FOR SEGBA CONTRACT, SIMENS OFFERED TO FINANCE 85 PERCENT PRICE AT 8 PERCENT FIXED RATE WITH 1 YEAR GRACE AND A 4 YEAR AMORTIZATION PERIOD.
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